

## COMPANY PROJECTIONS (CONTINUED)

Revenue — Infusion ServicesPatient Census

- During FY 2000, AMC is projected to increase by 3.4% to 16,058 from 15,528 based on YTD operating results.
- Core Therapies AMC is expected to total 7,566, a 7.3% increase over YTD levels of 7,053.
- ⇒ Reflects targeted marketing initiatives of specialty physician referral sources and managed care companies.
- Non-core therapy AMC is expected to total 8,492, a 0.2% increase over YTD levels of 8,475.
- ⇒ The flat patient volume reflects initiatives to screen low margined and unprofitable therapies while maintaining a base to build referrals for the Core Therapies.
- During FY 2001, growth in AMC is expected to trend similar to FY 2000 results.
- Core Therapies AMC is projected to total 7,945, a 5.0% increase over Projected FY 2000 levels.
- Non-core therapy AMC is projected to total 8,662, a 2.0% increase over Projected FY 2000 levels.

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	AMC Statistics				
	1999	YTD		2000	2001
		Annualized			
Total therapy AMC	17,443	15,528		16,058	16,607
% increase over YTD				3.4%	7.0%
% increase over 2000					3.4%
Core Therapies AMC	7,837	7,053		7,566	7,945
% increase over YTD				7.3%	12.6%
% increase over 2000					5.0%
Non-core therapy AMC	9,606	8,475		8,492	8,662
% increase over YTD				0.2%	2.2%
% increase over 2000					2.0%

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	AMRP			
	1999	YTD Annualized	2000	2001
Total therapy AMRP	\$2,131	\$2,245	\$2,299	\$2,327
% increase over YTD			2.4%	3.7%
% increase over 2000				1.2%
Core Therapies AMRP	\$2,904	\$3,173	\$3,224	\$3,259
% increase over YTD			1.6%	2.7%
% increase over 2000	0	0	0	1.1%
Non-core therapy AMRP	\$1,500	\$1,473	\$1,474	\$1,472
% increase over YTD			0.1%	(0.0%)
% increase over 2000				(0.1%)

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## COMPANY PROJECTIONS (CONTINUED)

Revenue - Infusion ServicesAverage Monthly Revenue per Patient

- During FY 2000, AMRP is projected to increase by approximately 2.4% to \$2,299 from \$2,245 based on YTD results.
  - Core Therapies AMRP is projected to increase by approximately 1.6% to \$3,224 from \$3,173 based on YTD results.
- ⇒ Reflects continued price increases under its managed care contracts. Coram has targeted its 50 largest contracts for renegotiations.
  - Non-core therapies AMRP is projected to increase by approximately 0.1% to \$1,475 from \$1,473 based on YTD results.
- During FY 2001, AMRP is projected to increase by approximately 1.2% to \$2,327 over 2000 Projected levels.
  - Core Therapies AMRP is projected to increase by approximately 1.1% to \$3,259 from Projected 2000 levels.
  - Non-core therapies AMRP is projected to remain relatively flat totaling \$1,472 compared to Projected 2000 of \$1,474.

COMPANY PROJECTIONS (CONTINUED)

Gross Margins – Infusion Services

- During FY 2000, gross margins are projected to improve to approximately 30.3% from YTD levels of 28.6%.
  - Revenue from the Core Therapies, which maintain higher ANS margins than non-core therapies, are expected to increase to 66.1% of revenue compared YTD levels of 64.2%.
  - Nursing costs as a percent of revenue are expected to decline to 7.7% from YTD levels of 8.5%.
  - ⇒ Reflects increased levels of part-time and agency nursing with reductions in full time nursing staff.
  - ⇒ Improvements from staffing mix changes will be partially offset by wage inflation of approximately 3.0%.
  - Pharmacy costs as a percent of revenue are expected to decline to 5.9% from YTD levels of 6.3%.
  - ⇒ Reflects increased use of pharmacy technicians in non-critical roles.
  - ⇒ Improvements from staffing mix changes will be partially offset by wage inflation of approximately 3.0%.

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## COMPANY PROJECTIONS (CONTINUED)

Gross Margins – Infusion Services

- During FY 2001, Coram is expecting gross margins to remain relatively unchanged totaling approximately 30.1% compared to approximately 30.3% projected in FY 2000.

➤ Increased input costs are offset by continued efficiencies and slight increases in AMRP.

	Gross Margins			
	1999	YTD Annualized	2000	2001
Total infusion revenues	\$446,006	\$418,305	\$442,995	\$463,752
Core Therapies ANS	\$171,069	\$169,818	\$184,445	\$190,255
Non-core therapy ANS	87,430	80,723	81,182	84,013
ANS	258,499	250,541	\$265,627	\$274,268
% of revenue	58.0%	59.9%	60.0%	59.1%
Nursing costs	46,074	35,565	34,002	33,869
Pharmacy costs	27,695	26,297	26,106	26,279
Other costs	77,524	68,988	71,279	74,328
Cost of clinical services	151,293	130,850	131,387	134,476
% of revenue	33.9%	31.3%	29.7%	29.0%
Gross margin	\$107,206	\$119,691	\$134,240	\$139,792
% of revenue	24.0%	28.6%	30.3%	30.1%

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## COMPANY PROJECTIONS (CONTINUED)

Branch Operating Expenses – Infusion Services

- During FY 2000 and 2001, branch operating expenses are projected to remain relatively constant at approximately 12.3% and 12.2% of revenue, respectively, compared to YTD levels of approximately 12.2%.
- Costs savings from the continued consolidation of operations are expected to be offset by increased sales staff and wage inflation.

	Branch Operating Expenses			
	1999	YTD Annualized	2000	2001
Total infusion revenues	\$446,006	\$418,305	\$442,995	\$463,752
Selling	\$18,433	\$16,303	\$17,218	\$17,993
Billing	15,320	16,337	16,001	15,478
Admissions	7,925	7,880	7,745	7,884
Uncollectable accounts	7,427	15,063	14,587	14,473
Other operating expenses	4,766	(3,678)	(648)	655
Other expense	1,052	(913)	(272)	139
Total branch expenses	\$54,923	\$50,992	\$54,632	\$56,623
% of revenue	12.3%	12.2%	12.3%	12.2%

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COMPANY PROJECTIONS (CONTINUED)

CTI Operations

- During FY 2000 and 2001, CTI operations are not expected to contribute significantly to Continuing Operations.
  - During FY 2000 and 2001, CTI revenue is projected to total approximately \$3.8 million (0.9% of Continuing Operations revenue) and \$4.7 million (1.0% of Continuing Operations revenue) respectively.
  - During FY 2000 and 2001, CTI contribution from branch operations is projected to total approximately \$0.5 million (0.6% of Continuing Operations contribution from branch operations) and \$1.0 million (1.2% of Continuing Operations contribution from branch operations) respectively.

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	CTI Operations			
	1999	YTD Annualized	2000	2001
Revenues	\$1,748	\$3,882	\$3,760	\$4,718
Cost of drugs	800	2,369	2,168	2,595
Cost of clinical services	-	19	6	-
Gross margin	948	1,495	1,587	2,123
Operating expenses	850	1,314	1,085	1,109
Contribution- branch operation	\$98	\$181	\$502	\$1,014
Revenue as % of Continuing Operations	0.4%	0.9%	0.8%	1.0%
Contribution as % of Continuing Operations	0.2%	0.3%	0.6%	1.2%

(\$ in 000's)

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COMPANY PROJECTIONS (CONTINUED)

Overhead

- During FY 2000, corporate overhead is projected to remain relatively constant at approximately \$46.5 million (11.0% of Continuing Operations revenue) compared to annualized YTD levels of \$46.5 million (11.0% of Continuing Operations revenue).
  - During FY 2000, MIP is projected to total \$16.5 million or 3.6% of Continuing Operations revenue.
- During FY 2001, corporate overhead is expected to decline to approximately \$39.8 million (8.0% of Continuing Operations revenue) due to a decline in MIP.
  - MIP is expected to total \$6.0 million or 1.3% of Continuing Operations revenue from FY 2001 through 2004.

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*189. Pro Forma Period*

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## PRO FORMA PERIOD

Summary

- Pro Forma Period results were extrapolated from the Projections using growth rates consistent with industry trends.

	Continuing Operations Summary <sup>(1)</sup>						
	1999	YTD Annualized	2000	2001	2002	2003	2004
Revenues	\$447,754	\$422,188	\$446,755	\$468,470	\$478,323	\$488,510	\$499,038
Cost of drugs	188,307	170,133	179,535	192,079	190,602	194,472	198,478
Cost of clinical services	151,293	130,859	131,393	134,476	137,207	140,012	142,900
Gross Margin	108,154	121,185	135,827	141,915	150,515	154,026	157,660
% of revenue	24.2%	28.7%	30.4%	30.3%	31.5%	31.5%	31.6%
Branch operating expenses	54,720	53,218	55,989	57,592	58,996	60,443	61,933
Other expense (income)	1,052	(913)	(272)	139	142	145	148
Contribution - branch operations	52,381	68,880	80,110	84,183	91,376	93,438	95,579
% of revenue	11.7%	16.3%	17.9%	18.0%	19.1%	19.1%	19.2%
Corporate overhead	34,808	46,521	46,521	39,769	40,782	41,825	42,900
EBITDA	17,573	22,358	33,589	44,415	50,594	51,613	52,679
% of revenue	3.9%	5.3%	7.5%	9.5%	10.6%	10.6%	10.6%

Notes:

(1) Continuing Operations is defined as Infusion Services and CTI operations.

COR-SUB.CON 0023788

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## PRO FORMA PERIOD (CONTINUED)

Revenue – Infusion Services

- During FY 2002 through 2004, Infusion Services revenue is projected to grow at a compounded annual growth rate of approximately 2.0%.
  - During FY 2002 through 2004, revenue for the Core Therapies is projected to grow at a CAGR of 3.0%.
  - During FY 2002 through 2004, non-core therapy revenue is projected to remain flat at approximately \$153.1 million.
- ⇒ Reflects Coram's continued focus on Core Therapies and the screening of non-core therapies.

(\$ in 000's)	Revenue-Infusion Services						
	1999	YTD Annualized	2000	2001	2002	2003	2004
Total therapy revenue	\$446,006	\$418,305	\$442,995	\$463,752	\$473,133	\$482,801	\$492,758
Core Therapies revenue	\$273,112	\$268,517	\$292,763	\$310,689	\$320,071	\$329,739	\$339,695
% of revenue	61.2%	64.2%	66.1%	67.0%	67.6%	68.3%	68.9%
Non-core therapy revenue	\$172,894	\$149,788	\$150,232	\$153,062	\$153,062	\$153,062	\$153,062
% of revenue	38.8%	35.8%	33.9%	33.0%	32.4%	31.7%	31.1%

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## PRO FORMA PERIOD (CONTINUED)

### Gross Margins – Infusion Services

- During FY 2002 through 2004 gross margins are projected to remain relatively constant between approximately 31.3% and 31.4% as increased labor and drug costs are offset by:
  - Improved pricing of its managed care contracts; and
  - Continued focus on the Core Therapies.

	Gross Margins						
	1999	YTD Annualized	2000	2001	2002	2003	2004
Total infusion revenues	\$446,006	\$418,305	\$442,995	\$463,752	\$473,133	\$482,801	\$492,758
Core Therapies ANS	\$171,069	\$169,818	\$184,445	\$190,255	\$201,382	\$207,465	\$213,729
Non-core therapy ANS	87,430	80,723	81,182	84,013	84,004	84,004	84,004
ANS	\$258,499	\$250,541	\$265,627	\$274,268	\$285,386	\$291,469	\$297,734
% of revenue	58.0%	59.9%	60.0%	59.1%	60.3%	60.4%	60.4%
Nursing costs	46,074	35,565	34,002	33,869	34,554	35,260	35,988
Pharmacy costs	27,695	26,297	26,106	26,279	26,811	27,359	27,923
Other costs	77,524	68,988	71,279	74,328	75,831	77,381	78,977
Cost of clinical services	\$151,293	\$130,850	\$131,387	\$134,476	\$137,197	\$140,000	\$142,887
% of revenue	33.9%	31.3%	29.7%	29.0%	29.0%	29.0%	29.0%
Gross margin	\$107,206	\$119,691	\$134,240	\$139,792	\$148,189	\$151,469	\$154,846
% of revenue	24.0%	28.6%	30.3%	30.1%	31.3%	31.4%	31.4%

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## PRO FORMA PERIOD (CONTINUED)

Branch Operating Expenses

- During FY 2002 through 2004, branch operating expenses are projected to remain relatively constant between 12.3% and 12.4% of revenue.

	Branch Operating Expenses						
	1999	YTD Annualized	2000	2001	2002	2003	2004
Total infusion revenues	\$446,006	\$418,305	\$442,995	\$463,752	\$473,133	\$482,801	\$492,758
Selling	\$18,433	\$16,303	\$17,218	\$17,993	\$18,357	\$18,732	\$19,118
Billing	15,320	16,337	16,001	15,478	15,943	16,421	16,914
Administrations	7,925	7,880	7,745	7,884	8,121	8,364	8,615
Uncollectable accounts	7,427	15,063	14,587	14,473	14,765	15,067	15,378
Other operating expenses	4,766	(3,678)	(648)	655	668	682	696
Other expense	1,052	(913)	(272)	139	142	145	148
Total branch expenses	\$54,923	\$50,992	\$54,632	\$56,623	\$57,996	\$59,412	\$60,869
% of revenue	12.3%	12.2%	12.3%	12.2%	12.3%	12.3%	12.4%

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## PRO FORMA PERIOD (CONTINUED)

CTI Operations / Corporate Overhead

- During FY 2002 through 2004, CTI operations are expected to contribute to Continuing Operations in the following manner:
  - Revenue of approximately \$5.2 million (1.1% of Continuing Operation's revenue) increasing to approximately \$6.3 million (1.3% of Continuing Operations revenue).
  - CTI branch contribution earnings are projected to total approximately \$1.2 million (1.3% of Continuing Operations revenue) increasing to \$1.6 million (1.7% of Continuing Operations revenue).
- During FY 2002 through 2004, corporate overhead as a percent of revenue is anticipated to remain constant at 8.5%.

	CTI Operations							
	1999	YTD Annualized	2000	2001	2002	2003	2004	
Revenues	\$1,748	\$3,882	\$3,760	\$4,718	\$5,190	\$5,709	\$6,280	
Cost of drugs	800	2,369	2,168	2,595	2,855	3,140	3,454	
Cost of clinical services	-	19	6	-	10	11	13	
Gross margin	948	1,495	1,587	2,123	2,325	2,558	2,813	
Operating expenses	850	1,314	1,085	1,109	1,142	1,176	1,212	
Contribution- branch operation	\$98	\$181	\$502	\$1,014	\$1,183	\$1,381	\$1,602	
Revenue as % of Continuing Operations	0.4%	0.9%	0.8%	1.0%	1.1%	1.2%	1.3%	
Contribution as % of Continuing Operations	0.2%	0.3%	0.6%	1.2%	1.3%	1.5%	1.7%	

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*203. Senior Management/Corporate*

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*Structure*

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## SENIOR MANAGEMENT/CORPORATE STRUCTURE

Senior Management

Officer	Age	Position
Daniel D. Crowley	52	Chairman, Chief Executive Officer and President
Allen J. Marabito	53	Executive Vice President
Scott R. Danitz	42	Senior Vice President, Finance and Chief Accounting Officer
Scott T. Larson	37	Senior Vice President, General Counsel and Secretary
Vito Ponzio, Jr.	45	Senior Vice President, Human Resources

Mr. Crowley joined Coram as its Chairman, Chief Executive Officer and President on November 30, 1999. He is also Chairman of Winterland, a privately held affinity merchandise company in the music and entertainment industry, and Chairman, Chief Executive Officer and President of Dynamic Healthcare Solutions, LLC, a privately held management consulting and investment firm that he established in 1997. Prior to founding Dynamic Healthcare Solutions, Mr. Crowley served as the Chairman, Chief Executive Officer and President of Foundation Health Corporation, a post that he had served in since 1989.

Mr. Marabito joined Coram on November 30, 1999 as Executive Vice President. From 1997 to 1999, Mr. Marabito was a Senior Vice President with Dynamic Healthcare Solutions, LLC. From 1991 to 1997, he served as the Senior Vice President, Secretary and General Counsel of Foundation Health Corporation.

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## SENIOR MANAGEMENT/CORPORATE STRUCTURE (CONTINUED)

Senior Management

Mr. Danitz served as the Company's Vice President and Controller from January 1998 through December 1999 and has served as Senior Vice President of Finance and Chief Accounting Officer since January 2000. From 1989 to 1997, Mr. Danitz was employed by First Data Corporation holding various positions, the most recent being Vice President and Controller, Payment Instruments division.

Mr. Larson has served as the Company's Senior Vice President and General Counsel since July 1998 and was elected Secretary in April 1999. Previously, Mr. Larson served as the Company's Vice President and Legal Counsel from March 1996 to July 1998 and as Assistant General Counsel from July 1994 through February 1996. Between 1992 and July 1994, Mr. Larson served as Corporate Counsel and later as Assistant General Counsel for T(2) Medical, Inc. ("T(2) Medical"). Before joining T(2) Medical, Mr. Larson was employed as an attorney with the Atlanta-based law firm of Alston & Bird.

Vito Ponzio, Jr. has served as the Company's Senior Vice President of Human Resources since September 1998. Previously, Mr. Ponzio served as the Company's Vice President of Human Resources from February 1996 to September 1998 and as Director of Human Resources from February 1994 to February 1996.

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SENIOR MANAGEMENT/CORPORATE STRUCTURE (CONTINUED)

Organizational Structure

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Coram's Office of the Chairman is organized as follows:.

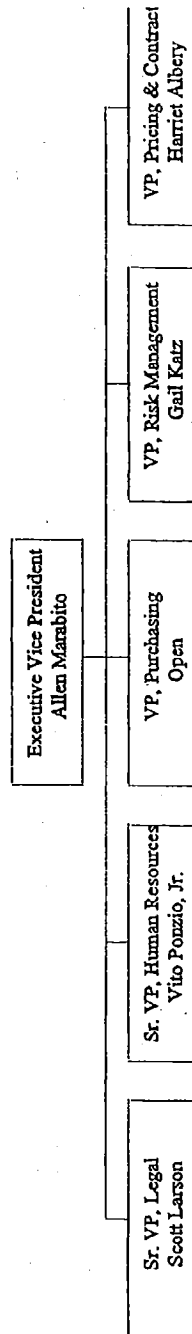
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## SENIOR MANAGEMENT/CORPORATE STRUCTURE (CONTINUED)

Organizational Structure

- Coram's business affairs and corporate administration is organized as follows:





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SENIOR MANAGEMENT/CORPORATE STRUCTURE (CONTINUED)

Organizational Structure

- Coram's home infusion sales and operations are divided into three regional areas with a special emphasis on selected therapies and clinical services.

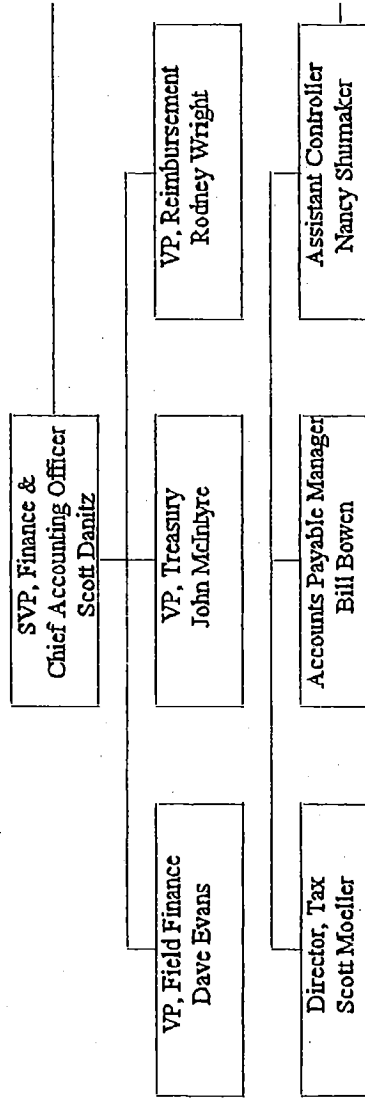
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SENIOR MANAGEMENT/CORPORATE STRUCTURE (CONTINUED)

Organizational Structure

- Coram's financial administration is organized as follows:



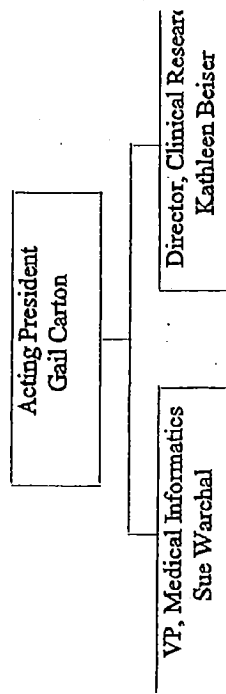
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SENIOR MANAGEMENT/CORPORATE STRUCTURE (CONTINUED)

Organizational Structure

- CTI Network, Inc. is organized as follows:



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*209. Due Diligence Overview*

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DUE DILIGENCE OVERVIEW

Management Discussions

- Discussions and meetings with Daniel D. Crowley, Chief Executive Officer for Coram, with specific emphasis on current and pro forma operating strategies for the Company.
  - Discussions and meetings with Scott Danitz, Senior Vice President, Finance and Chief Accounting Officer for Coram. Topics included the ongoing performance and projections of the Company.
  - Discussions and meetings with Scott Larson, General Counsel and Secretary for Coram. Topics included divestiture of CPS and dialogue with respect to legal contracts.
  - Discussions and meetings with Allen T. Marabito, Executive Vice President for Coram. Topics included general business operations and corporate administrative issues.
  - Discussions with Joseph D. Smith, former Chief Operating Officer, regarding the operational aspects of the Company.
  - Discussions and meetings with Perry Bernocchi, Senior Vice President for Coram. Topics included current operational and projected results.
  - Discussions and meetings with Linda McBride, head of Anti Infectives for Coram. Topics include an overview of the anti-infective operations and projected results.
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DUE DILIGENCE OVERVIEW (CONTINUED)

Management Discussions

- Discussions and meetings with Eric Hill, head of Hemophilia for Coram. Topics included an overview of the Hemophilia operations and projected results.
- Discussions and meetings with Michael Saracco, head of Nutrition for Coram. Topics included an overview of the Nutrition operation and its future growth opportunities with an emphasis on Total Parental Nutrition.
- Discussions and meetings with Robin Ward, Director of Strategic Operations for Coram. Topics included the Company's strategic opportunities as well as general operational issues.
- Discussions and meetings with John Ellis, Assistant Vice President of Operations for Coram. Topics included general operational issues.
- Discussions and meetings with Richard Irbye, Assistant Vice President of Interim Sales for Coram. Topics included sales issues and concerns of the Company.
- Discussions and meetings with Debbie Meyer, Assistant Vice President of Sales for Coram. Topics included sales issues and patterns of the Company.

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